

Summary of Bloc Economic Penetration
in Latin America

Trade data that is available for 1958 does not give a clear indication of the direction in which Latin American trade with the Soviet Bloc is moving. The principle Bloc trading partners in Latin America are Argentina, Brazil, Uruguay, and Cuba. In the first quarter of 1958, Argentina and Uruguay increased their trade with the Bloc over the totals reached during the same period in 1957. Brazil and Cuba, on the other hand, had a smaller volume of trade with the Bloc in the January-March 1958 period than in the first quarter of 1957. (UNCL)

In the first three months of 1957, Argentina's trade with the Bloc amounted to \$15.5 million; this represented 2.3 percent of her total trade. In the first quarter of 1958, Argentina's commerce with the Bloc totaled \$27.0 million and amounted to 5.0 percent of total trade. In the case of Uruguay, trade has increased over 1957 by a striking amount. In the first three months of 1957, her Bloc trade amounted to \$4.0 million, representing 3.5 percent of her total world trade. For the same period in 1958, Uruguay's trade with the Communist Bloc was \$12.2 million. This was 13 percent of total trade with the world. (UNCL)

However, the Uruguayan gross figures are misleading to some extent. The large expansion is due to the great increase in USSR purchases of wool. As of June 1958, the USSR had purchased 17,381 bales of Uruguayan wool, whereas at the same time in 1957, she had purchased none. (CONF) However, the USSR did purchase approximately 7,800 bales of wool of Uruguayan origin from the Netherlands in 1957. The large direct purchases from Uruguay in 1958 are, to a large extent, merely a substitute for the indirect commerce of the year before. (UNCL)

In contrast with Argentina and Uruguay, Brazil and Cuba posted a substantial reduction in trade with the Bloc during the first quarter of this year. Brazil conducted trade with the Soviet Bloc amounting to \$23.5 million in first quarter of 1957. This was 3.5 percent of her total world trade. In the same period of 1958, her total Bloc trade was \$16.7 million, representing 3.3 percent of total trade with the world. (UNCL)

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In the case of Cuba, smaller purchases of sugar apparently will reduce Cuba's trade with the Communist Bloc by a substantial amount. By mid-year 1957, the Bloc had purchased \$46.0 million from Cuba. During the same period in 1958, the Bloc purchased only \$18.5 million. Cuba imports from the Bloc were very small during both periods. (UNCL)

In spite of the decline in Brazilian and Cuban trade, it is probable that total Latin American trade with the Bloc will be greater this year than in 1957. A number of important commercial transactions were concluded early in 1958 but will not result in a larger flow of goods until the latter part of the year.

The most important of these were agreements reached between Argentina and various countries of the Soviet Bloc. In January and February of 1958, an Argentine trade mission visited the Bloc for the purpose of utilizing credit balances that had accumulated under the bilateral trade agreements Argentina has with a number of Bloc countries. The mission concluded purchases amounting to approximately \$27.0 million. (UNCL) In June, Argentina reached an agreement with the USSR to purchase 1 million metric tons of Soviet crude oil at a total c.i.f. value of \$22.0 million. (CDD) Delivery is to take place between mid-1958 and mid-1959. Finally, in the first week of August, Argentina contracted for the purchase of about 2 million metric tons of Polish coal to be shipped at the rate of 50,000 metric tons per month. The total value of this transaction has not been disclosed, but it is reported that it will fill 25 percent of Argentina's coal requirements for the next 4 years. (UNCL)

Uruguay has also concluded important purchases of POL products from the USSR. In April, she contracted for the delivery of 10 tankerloads (200,000 cubic meters) of crude oil. (UNCL) The approximate c.i.f. value of these shipments is \$4.0 million and delivery is to be completed by April 1959. (SECRET) During the first week in August, Uruguay contracted for the delivery of two tankerloads of fuel oil from the USSR. (UNCL)

Brazil is also giving serious consideration to possible oil purchases from the Bloc. The USSR has offered to sell 200,000 metric tons of crude oil in exchange for coffee and cocoa. (CDD) In May of this year, Brazil reached an agreement with Poland by which she will purchase 14 oceangoing merchant ships over the next three years for a total value of \$25.0 million. Brazil will export coffee to Poland in exchange. (UNCL)

There is also evidence that Chile's trade with the Bloc will increase from the negligible amount of recent years. Several important

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shipments of low grade iron ore have been sent to Czechoslovakia during the first half of 1958. (SECRET) Early in 1958, sales of copper wire were made to the USSR through a West German intermediary. The sales reportedly totaled 15,000 metric tons for a value of \$10.0 million at world market prices. (SECRET)

No large Bloc credit extensions have been received by Latin American countries so far during 1958. However, the Argentine purchasing mission mentioned earlier did buy some machinery on 4-year credit terms. (UNCL) In addition, Czechoslovakia is selling \$2.0 million worth of turbogenerators to Argentina on a deferred installment basis. (UNCL)

The most important development in this field came in July when the USSR offered to sell \$100 million in petroleum equipment to Argentina on a long-term payment arrangement in exchange for Argentine agricultural products. (UNCL) Argentina has sent a delegation to the USSR to discuss this proposal with Soviet officials. (UNCL) This is the first concrete offer of this size that has been made by any member of the Bloc to any Latin America country.

During 1958, several Bloc countries signed new trade or payments agreements with Latin American countries. Rumania signed: (a) a new trade and payment agreement with Argentina on 16 January, (b) a Treaty of Friendship, Commerce and Navigation, a trade agreement, and a payment agreement with Uruguay on 20 March and (c) a trade and payment agreement with Brazil early in July. (GUS) Bulgaria signed a trade and payment agreement with Argentina on 10 March. East German signed a payment agreement with Argentina on 25 February and is currently negotiating a banking agreement with Brazil. (GUS)

There is no indication that the number of Bloc technicians in Latin America has increased during 1958. Argentina has about 45 such technical personnel, and is the only country with an important number present. Most of these are Gant railroad technicians who have been in the country for several years. (CONF) Brazil and Uruguay have both given evidence of considerable awareness of the danger of admitting Bloc technicians. This Spring, the Brazilian foreign office gave approval to the Soviet offer to barter oil for coffee only if no technicians were involved in the transaction. Late last year, Uruguay rejected all bids to expand the Montevideo telephone system in order to avoid accepting the Czech bid and the technicians that would have been needed to install the equipment. (SECRET)